VANCOUVER
CONVENTION CENTRE EXPANSION
PROJECT

SERVICE PLAN
2004/05 – 2006/07

For more information on Vancouver Convention and Exhibition Centre Expansion Project Ltd., contact us at:

PO Box 35, 1900 – 999 West Hastings Street
Vancouver, BC V6C 2W2

Tel: 604 484 5200
Fax: 604 484 5201

Email: info@vccep.bc.ca
Website: www.vccep.bc.ca

106-00472/

Letter from the Board Chair to the Minister Responsible

To the Minister of Small Business and Economic Development:

On behalf of the Vancouver Convention Centre Expansion Project Ltd. (VCCEP) Board of Directors, I am pleased to present the Company's Service Plan for the fiscal years 2004/05 through 2006/07.

VCCEP was incorporated in February 2003 to design and construct an expansion to the existing Vancouver Convention and Exhibition Centre and a connector between the new and existing facilities, and to undertake renovations within Canada Place. This exciting project will dramatically change the shoreline of Vancouver and provide much needed expansion of the convention facilities in the Lower Mainland.

The VCCEP Project Team has completed much of the preliminary work and will be ready to proceed to the intensive planning, design and implementation stages early in 2004.

The Project Implementation Plan, a comprehensive baseline document defining the Project and how it will be implemented, is in its final stages of development. This document will guide the VCCEP Project Team as we move forward with our mandate to effectively manage the project to ensure its timely delivery within its established budget.

Over the next year we will finalize the Project scope, budget, and schedule; complete the Environmental Assessment; submit the Preliminary Development Permit; complete schematic design and design development and commence foundations construction.

We look forward to implementing and delivering this state-of-the-art expansion. The new Convention Centre will have positive long-lasting impacts on tourism and will contribute to the long term economic growth of British Columbia and Canada as a whole.

Ken Dobell, Chair
VCCEP Board of Directors

Statement of Accountability

The 2004/05 – 2006/07 VCCEP Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the contents of this plan, including the selection of performance measures and performance targets. The plan is consistent with government's strategic priorities and overall Strategic Plan. All significant assumptions, policy decisions, and identified risks as of December 13, 2003 have been considered in preparing the plan.

I am accountable for delivering on the Service Plan and for measuring and reporting actual performance.

Ken Dobell, Chair
VCCEP Board of Directors

Table of Contents

Overview 1

Strategic Context 2

Planning Context 2

Goals, Core Business, Objectives and Strategies 3

Identified Targets 4

Linkages to Government Strategic Priorities 4

Summary Financial Outlook 4

Performance Measures and Benchmarks 5

Risk Factors and Sensitivities 5

Overview

The Vancouver Convention Centre Expansion Project Ltd. (VCCEP) is a provincially held limited company incorporated under the *BC Company Act.* The Minister responsible for VCCEP is John Les, Minister of Small Business and Economic Development.

VCCEP was established to design, build, and commission the Vancouver Convention and Exhibition Centre expansion project.

The company's core business is to:

- Design, construct, and commission an expansion to the existing Vancouver Convention and Exhibition Centre (the Expansion Program) and to design and construct a connector between the new and existing facilities and to undertake renovations within Canada Place (together the Integration Program).

- Effectively manage the Project budget, schedule, and related activities to ensure timely delivery of the Project within its established budget.

The Project scope, budget and schedule will be finalized early in 2004.

The current capital cost estimate for the entire project is $535 million with confirmed and pending contributions from the Province of BC ($222.5 million); Government of Canada ($222.5 million): and Tourism Vancouver ($90 million). The $495 million Expansion Program will be funded by fixed contributions from the Province of BC, Government of Canada and Tourism Vancouver while the $40 million Integration Program will be funded by contributions from the Province of BC and Government of Canada.

Since our last report VCCEP has:

- Negotiated the acquisition of all required land;
- Entered into contracts for architectural, project management, and a broad range of design and specialized consulting services;
- Commenced consultations with stakeholders, including Port of Vancouver, Canada Place Corporation, City of Vancouver, tourism and construction industry representatives, tenants, first nations and environmentalists;
- Performed preliminary work including program review, concept design and related studies, and preliminary cost estimates;
- Received confirmation of Tourism Vancouver's funding contribution;
- Submitted Environmental Approval Application to the Provincial Environmental Assessment Office; and
- Reached 50% schematic design.

VCCEP is currently:

- Finalizing the funding agreement with the Government of Canada;
- Undergoing an environmental review led by the Provincial Environmental Assessment Office on behalf of the provincial and federal governments;
- Preparing a comprehensive Project Implementation Plan that covers all key aspects of the project including scope, budget, schedule, organization, and project controls;
- Completing schematic design; and
- Contracting for construction management services.

The shareholder is scheduled to review the comprehensive Project Implementation Plan early in fiscal 2004 and provide approval to VCCEP to proceed with construction beginning in the third quarter of 2004. The Project Implementation Plan will be released publicly and will become the foundation for future years' Service Plans.

The completion of the schematic design anticipated in Spring 2004 will more clearly define a number of Project elements and assumptions and define their affect on Project scope, budget and schedule.

VCCEP will provide a detailed Project budget breakdown and schedule in Spring 2004.

In fiscal years 2004/05, the Company's role will transition to design development, site preparation, marine construction and more detailed project definition.

The Project will be well under construction in fiscal year 2005/06 for completion in Fall 2008.

Strategic Context

In this current planning cycle, VCCEP will develop statements of vision, mission, and values that will ultimately guide VCCEP in carrying out its mandate.

Planning Context

VCCEP was incorporated in February 2003 for the purpose of designing and building the conference and exhibition centre expansion project. As such, a number of factors may influence the company, presenting challenges, opportunities, and risks.

Specific performance requirements have been created based on business expectations for the integrated facility. Among these are:

- The need to efficiently accommodate both single large events that could potentially occupy the majority of the facility as well as simultaneous, multiple events that would use separate portions of the facility;
- The need to be able to offer appropriate combinations of function space in each of the sections of the facility that could be used for smaller events;

- The need to deliver the wide variety of space requirements inherent in diverse markets (i.e. US and Canadian associations, international congress, corporate and trade show events, etc.), each of which have specific demands which must be met in order to capture their business;
- The need and opportunity to correct operating and marketability issues which were inherent in the original design or which have subsequently arisen as a result of market and/or technology changes; and
- Ensuring the new and existing facilities operate as a fully integrated convention centre.

Goals, Core Business, Objectives and Strategies:

The Vancouver Convention Centre Expansion Project objectives include:

- Creating an exciting, commercially successful convention centre;
- Building a signature feature on the Vancouver waterfront;
- Complementing and enhancing the existing convention facilities;
- Creating an integrated convention facility;
- Creating an attractive link between the business community and the waterfront;
- Achieving at least a gold level of LEED sustainability accreditation;
- Showcasing the utilization of British Columbia's resources; and
- Delivering the project within budget and schedule.

VCCEP is developing a comprehensive Project Implementation Plan (PIP). The PIP is a critical component to the successful planning and delivery of the expansion project.

The PIP provides the Project Team with a common understanding of the fundamental goals and objectives of the Project, and its scope, budget, schedule and procedures adopted to meet those goals. It is the baseline document that defines the Project and how it will be implemented. Strategic Plan goals and objectives are also developed within the PIP.

VCCEP's Project Implementation Plan focuses on three distinct areas:

Volume 1: Project Definition specifies issues of scope, budget and schedule, identifies key project issues, and introduces the corporate organization. Because ongoing project and program definition is underway, the project's scope, budget, and schedule are currently documented at a summary level; a detailed scope, budget, and schedule will be completed in the first quarter of 2004.

Volume 2: Implementation Strategies documents a series of implementation strategies for key components of the project, including project team organization, design and cost management strategies, financial considerations, value engineering, reporting, communications, and the approaches taken with respect to important aspects of project implementation planning.

Volume 3: Project Controls and Procedures details controls, procedures, and processes to be implemented by VCCEP for the proper analysis, control, reporting and management of key project elements.

Following shareholder approval of the entire PIP, measurable goals and objectives will be identified and included in the 2005/06 Service Plan and beyond.

Identified Targets

Treasury Board Approval to proceed with the construction of the Project is anticipated early in 2004. The following milestones have been identified in the interim:

Preliminary Development Permit Application	2nd Quarter 2004
Schematic Design Complete	2nd Quarter 2004
Approval of PIP	2nd Quarter 2004
Environment Application Permit Secured	3rd Quarter 2004
Design Development Complete	4th Quarter 2004
Commence Foundations Construction	4th Quarter 2004
Expansion Facility & Connector Complete and Accepted	3rd Quarter 2008

Linkages to Government Strategic Priorities

VCCEP's service plan strategies are consistent with and support the government's strategic priorities. VCCEP is an integral part of the government's plan to promote economic growth and revitalize the British Columbia economy.

Summary Financial Outlook

	2001/02	2002/03
Operations Revenue (1)	-	54,000
Expenses	-	1,000
Net Income from Operations	-	53,000
Provincial Contribution	-	-
Debt	-	-
Staff (full-time equivalents):		
Management/Excluded (2)	-	10.5
Union	-	-
Total	-	10.5

(1) Rental income from tenants and parking (March 2003)

(2) Contract and seconded project management and administrative staff

Updated 2003/04 Forecast

	2003/04 Budget	Current Forecast
Operations Revenue [1]	846,000	846,000
Expenses [2]	470,000	45,000
Net Income from Operations	376,000	801,000
Provincial Contribution (MSBED Operating Grant) [3]	67.0 million	67.0 million
Debt	-	-

(1) Rental income from tenants and parking
(2) Property tax associated with revenue
(3) Per Contribution Agreement #41304001

2004/05 - 2006/07 Forecast

	2004/05		2005/06		2006/07
	Service Plan	Current Forecast	Service Plan	Current Forecast	Forecast
Operations Revenue [1]	332,000	332,000	-	-	-
Expenses [2]	20,000	20,000	-	-	-
Net Income from Operations	312,000	312,000	-	-	-
Provincial Contribution (MSBED Operating Grant) [3]	62.0 million	62.0 million	69.5 million	69.5 million	31.5 million
Tourism Vancouver Contribution [4]	9.3 million	9.3 million	19.0 million	19.0 million	29.6 million
Debt	-	-	-	-	-

(1) Rental income from tenants and parking (partial year until commencement of construction)
(2) Property taxes (exemption effective January 1, 2004 being sought)
(3) Per Contribution Agreement #41304001
(4) Advanced by Ministry of Small Business and Economic Development (MSBED) under October 31, 2003 Tourism Vancouver Contribution Agreement

Performance Measures and Benchmarks

Specific performance measures and benchmarks for the corporation's core business objectives will be established in conjunction with the finalization of the Project's budget, scope, and schedule as identified in the Project Implementation Plan.

The expansion project will be delivered within budget and on schedule.

Risk Factors and Sensitivities

Risk factors and measures to mitigate them will be identified in conjunction with the finalization of the Project's budget, scope, and schedule as identified in the Project Implementation Plan.